



House of Representatives

General Assembly

File No. 706

January Session, 2011

Substitute House Bill No. 6262

House of Representatives, May 3, 2011

The Committee on Finance, Revenue and Bonding reported through REP. WIDLITZ of the 98th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE COMMUNITY INVESTMENT ACCOUNT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 4-66aa of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 [(a)] There is established, within the General Fund, a separate,
4 nonlapsing account to be known as the "community investment
5 account". The account shall contain any moneys required by law to be
6 deposited in the account. The funds in the account shall be distributed
7 every three months as follows: [(1) Twenty-five per cent to the
8 Connecticut Commission on Culture and Tourism to use as follows:
9 (A) Two hundred thousand dollars, annually, to supplement the
10 technical assistance and preservation activities of the Connecticut
11 Trust for Historic Preservation, established pursuant to special act 75-
12 93, and (B) the remainder to supplement historic preservation activities
13 as provided in sections 10-409 to 10-415, inclusive; (2) twenty-five per
14 cent to the Connecticut Housing Finance Authority to supplement new

15 or existing affordable housing programs; (3) twenty-five per cent to the
16 Department of Environmental Protection for municipal open space
17 grants; and (4) twenty-five per cent to the Department of Agriculture
18 to use as follows: (A) Five hundred thousand dollars annually for the
19 agricultural viability grant program established pursuant to section 22-
20 26j; (B) five hundred thousand dollars, annually for the farm transition
21 program established pursuant to section 22-26k; (C) one hundred
22 thousand dollars annually to encourage the sale of Connecticut Grown
23 food to schools, restaurants, retailers, and other institutions and
24 businesses in the state; (D) seventy-five thousand dollars annually for
25 the Connecticut farm link program established pursuant to section 22-
26 26l; and (E) the remainder for farmland preservation programs
27 pursuant to chapter 422. Each agency receiving funds under this
28 section may use not more than ten per cent of such funds for
29 administration of the programs for which the funds were provided.

30 (b) Notwithstanding the provisions of subsection (a) of this section,
31 from July 1, 2009, until July 1, 2011, the funds in the community
32 investment account established pursuant to said subsection shall be
33 distributed every three months as follows:] (1) Twenty per cent to the
34 Connecticut Commission on Culture and Tourism to use as follows:
35 (A) Two hundred thousand dollars, annually, to supplement the
36 technical assistance and preservation activities of the Connecticut
37 Trust for Historic Preservation, established pursuant to special act 75-
38 93, and (B) the remainder to supplement historic preservation activities
39 as provided in sections 10-409 to 10-415, inclusive; (2) twenty per cent
40 to the Connecticut Housing Finance Authority to supplement new or
41 existing affordable housing programs; (3) twenty per cent to the
42 Department of Environmental Protection for municipal open space
43 grants; and (4) forty per cent to the Department of Agriculture to use
44 as follows: (A) One hundred twenty-five thousand dollars, quarterly,
45 for the agricultural viability grant program established pursuant to
46 section 22-26j; (B) one hundred twenty-five thousand dollars,
47 quarterly, for the farm transition program established pursuant to
48 section 22-26k; (C) twenty-five thousand dollars, quarterly, to
49 encourage the sale of Connecticut Grown food to schools, restaurants,

50 retailers, and other institutions and businesses in the state; (D)
51 eighteen thousand seven hundred fifty dollars, quarterly, for the
52 Connecticut farm link program established pursuant to section 22-26l;
53 (E) twelve thousand five hundred dollars, quarterly, [for Urban Oaks
54 Organic Farm] divided equally among the soil and water conservation
55 districts and boards established pursuant to section 22a-315; (F) eleven
56 thousand eight hundred seventy-five dollars, quarterly, for the
57 Seafood Advisory Council established pursuant to section 22-455; (G)
58 eleven thousand eight hundred seventy-five dollars, quarterly, to the
59 Connecticut Farm Wine Development Council established pursuant to
60 section 22-26c; (H) six thousand two hundred fifty dollars, quarterly, to
61 the Connecticut Food Policy Council established pursuant to section
62 22-456; and (I) the remainder each quarter to the agricultural
63 sustainability account established pursuant to section [4-66c] 4-66cc.
64 Each agency receiving funds under this section may use not more than
65 ten per cent of such funds for administration of the programs for
66 which the funds were provided, except the Department of Agriculture
67 may also use such funds for the administration of farmland
68 preservation programs pursuant to chapter 422.

69 Sec. 2. Subsection (f) of section 7-34a of the general statutes is
70 repealed and the following is substituted in lieu thereof (*Effective from*
71 *passage*):

72 (f) Notwithstanding the provisions of subsection (e) of this section,
73 in addition to the fees for recording a document under subsection (a)
74 of this section, [from July 1, 2009, until July 1, 2011,] town clerks shall
75 receive a fee of forty dollars for each document recorded in the land
76 records of the municipality. The town clerk shall retain one dollar of
77 any fee paid pursuant to this subsection and three dollars of such fee
78 shall become part of the general revenue of the municipality and be
79 used to pay for local capital improvement projects, as defined in
80 section 7-536. Not later than the fifteenth day of each month, [from July
81 1, 2009, until July 1, 2011,] town clerks shall remit thirty-six dollars of
82 the fees paid pursuant to this subsection during the previous calendar
83 month to the State Treasurer. Upon deposit in the General Fund, such

84 amount shall be credited to the community investment account
85 established pursuant to section 4-66aa. The provisions of this
86 subsection shall not apply to any document recorded on the land
87 records by an employee of the state or of a municipality in conjunction
88 with such employee's official duties. As used in this subsection,
89 "municipality" includes each town, consolidated town and city, city,
90 consolidated town and borough, borough, and district, as defined in
91 chapter 105 or 105a, any municipal corporation or department thereof
92 created by a special act of the General Assembly, and each municipal
93 board, commission and taxing district not previously mentioned.

94 Sec. 3. Section 30 of public act 09-229 is repealed and the following is
95 substituted in lieu thereof (*Effective from passage*):

96 (a) For purposes of this section:

97 (1) "Federal pay price" means the northeast monthly uniform price
98 for milk at Hartford zone pursuant to the United States Department of
99 Agriculture Northeast Federal Milk Marketing Order;

100 (2) "Milk producer" means a person, firm or corporation registered
101 pursuant to section 22-172 of the general statutes; and

102 (3) "Minimum sustainable monthly cost of production" means
103 eighty-two per cent of the baseline determined by the United States
104 Department of Agriculture's Economic Research Service monthly
105 average cost of production for a New England state.

106 (b) (1) Commencing on the date the first deposit is made into the
107 agricultural sustainability account established pursuant to section [29
108 of this act] 4-66cc of the general statutes and subject to subdivisions (2)
109 and (3) of this subsection, a milk producer shall be entitled to a grant
110 as specified in this subsection. For each month that the federal pay
111 price is below the minimum sustainable monthly cost of production,
112 the milk producer shall be entitled to an amount equal to the dollar
113 amount such federal pay price was below the minimum sustainable
114 monthly cost of production, multiplied by the amount of milk

115 produced by such milk producer during such month. The
 116 Commissioner of Agriculture shall make such grants to such milk
 117 producers on a quarterly basis, beginning on the date three months
 118 after the first deposit is made into the agricultural sustainability
 119 account established pursuant to section [29 of this act] 4-66cc of the
 120 general statutes. Such grant payments shall be made by the
 121 commissioner from said account. In the event the amount of available
 122 funds in said account at the time such quarterly grants are due is less
 123 than the aggregate amount of grants to which producers are entitled
 124 pursuant to this section, the commissioner shall distribute all of the
 125 funds in the account to such milk producers on a proportionate basis
 126 based on their relative levels of milk production.

127 (2) For purposes of calculating a grant due a milk producer
 128 pursuant to subdivision (1) of this subsection, each milk producer or
 129 handler, as defined in section 22-127 of the general statutes, who
 130 receives milk from producers in the state, shall file with the
 131 Commissioner of Agriculture, in such form and at such times as said
 132 commissioner shall direct, information as to the amount of milk
 133 produced by each producer.

134 (3) Prior to receiving a grant pursuant to subdivision (1) of this
 135 subsection, a milk producer shall file with the Commissioner of
 136 Agriculture, in such form and at such times as said commissioner shall
 137 direct, proof that such milk producer has completed an energy audit,
 138 as defined in section 16a-38 of the general statutes.

139 [(c) The provisions of this section shall terminate July 1, 2011.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	4-66aa
Sec. 2	<i>from passage</i>	7-34a(f)
Sec. 3	<i>from passage</i>	PA 09-229, Sec. 30

Statement of Legislative Commissioners:

In section 3, the words "retail raw" were removed from subsection (b)(2), as they were inserted due to a clerical error and not intended to be in the bill.

FIN *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
Departments of Agriculture, Department of Environmental Protection, Commission on Culture & Tourism, Connecticut Housing Finance Authority	GF - Revenue Impact	\$6.9 million	\$6.9 million

Note: GF=General Fund

Municipal Impact: None

Explanation

PA 09-229 created a grant program for dairy farmers by temporarily increasing, from \$30 to \$40, the municipal document recording fee. The bill makes the grant program, increased recording fee, and current funding distribution permanent.

Under current law, the \$10 land recording fee increase would terminate on July 1, 2011 and the Departments of Environmental Protection (DEP), Agriculture (DAG), Commission on Culture and Tourism (CCT), and the Connecticut Housing Finance Authority (CHFA) would experience a cumulative revenue loss of approximately \$6.9 million in both FY 12 and FY 13. Since this bill makes the increased fee permanent, there will not be a cumulative \$6.9 million revenue loss for the four entities.

The bill also eliminates funding to the privately operated Urban Oaks Organic Farm and instead redirects \$50,000 in annual funding to soil and water conservation districts¹. These conservation districts

¹ There are currently five conservation districts that provide technical services to municipalities including site visits, site plan reviews and other on-site investigations. This non-profit entity specializes in soil erosion and sediment control plan reviews.

reside within DEP for administrative purposes only and pass on funding to the soil and water conservation districts.

The Out Years

The annualized ongoing fiscal impact described above would continue into the future subject to actual revenue collections from land recording fees.

They also assist municipalities with water quality, wetland and stormwater issues as well as associated environmental impacts.

OLR Bill Analysis**sHB 6262****AN ACT CONCERNING THE COMMUNITY INVESTMENT ACCOUNT.****SUMMARY:**

PA 09-229 created a grant program for dairy farmers ("milk producers") by temporarily increasing, from \$30 to \$40, the fee people pay when filing documents with town clerks ("recording fee"). It also reduced temporarily the portion of funds from the community investment account that three entities receive for certain programs and increased the amount the agriculture department (DoAG) receives. Under current law, these temporary provisions expire July 1, 2011.

This bill makes the grant program, recording fee increase, and revised funding levels permanent. It also redirects a \$12,500 quarterly payment from the Urban Oaks Organic Farm to soil and water conservation districts, to be divided equally among them. The bill also makes technical and conforming changes.

EFFECTIVE DATE: Upon passage

COMMUNITY INVESTMENT ACCOUNT

Under current law, until July 1, 2011, the funds in the community investment account must be distributed every three months as follows: 20% to each of the Connecticut Commission on Culture and Tourism, Connecticut Housing Finance Authority, and Department of Environmental Protection, and 40% to DoAG. Beginning July 1, 2011, each entity is to receive 25% of the funds. But the bill repeals this distribution arrangement, making the 20%/20%/20%/40% split permanent. The additional funds that DoAG receives go to the agricultural sustainability account for milk producer grants.

BACKGROUND***Agricultural Sustainability Account***

By law, the agricultural sustainability account is a separate, nonlapsing General Fund account. The additional recording fee revenues are deposited in it and the DoAG commissioner uses the account for grants to Connecticut milk producers. The law imposes a formula for paying milk producers based on (1) the federally set milk price and (2) the amount needed to sustain state dairy operations, as determined by the U.S. Department of Agriculture (USDA). The law defines a “milk producer” as a person, firm, or corporation registered as a producer of milk for pasteurization.

Milk Pricing

Federal law governs the milk price paid to dairy farmers. Generally, USDA marketing orders set the price for milk and milk products by region. State law defines “federal pay price” as the northeast monthly uniform price for milk in the Hartford zone pursuant to the USDA Northeast Federal Milk Marketing Order.

Grant Formula and Disbursement

By law, for each month that the federal pay price is below the minimum sustainable monthly cost of production, a milk producer is entitled to an amount equal to the difference between the federal pay price and the minimum sustainable monthly cost of production, multiplied by the amount of milk the producer produced during the month. The DoAG commissioner must make grant payments on a quarterly basis.

If the amount of available funds in the account when the quarterly grants are due is less than the aggregate amount of grants to which producers are entitled, the commissioner must distribute the funds in the account to producers in proportion to their relative levels of milk production.

Grant Eligibility

To assist DoAG in calculating the grants, the law requires milk

producers and handlers to file information with the commissioner on the amount of milk produced. Milk producers must also have completed an energy audit to receive a grant and provide the commissioner proof of the audit.

Legislative History

The House referred the bill (File 387) to the Finance, Revenue and Bonding Committee, which reported a substitute bill that added the provision redirecting funding from Urban Oaks Organic Farm to soil and water conservation districts.

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute

Yea 27 Nay 0 (03/18/2011)

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 47 Nay 2 (04/18/2011)